

EXHIBIT “1”

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General Insolvency Counsel for Voluntary Debtors and Debtors
in Possession

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA DIVISION**

In re:
Palmdale Hills Property, LLC, and Its Related Debtors,
Jointly Administered Debtors and
Debtors-In-Possession.

Affects:

- ☐ All Debtors
☒ Palmdale Hills Property, LLC
☐ SunCal Beaumont Heights, LLC
☐ SCC/Palmdale, LLC
☐ SunCal Johansson Ranch, LLC
☒ SunCal Summit Valley, LLC
☒ SunCal Emerald Meadows, LLC
☒ SunCal Bickford Ranch, LLC
☒ Acton Estates, LLC
☐ Seven Brothers, LLC
☐ SJD Partners, Ltd.
☐ SJD Development Corp.
☐ Kirby Estates, LLC
☐ SunCal Communities I, LLC
☐ SunCal Communities III, LLC

Case No.: 8:08-bk-17206-ES

Jointly Administered With Case Nos.

8:08-bk-17209-ES; 8:08-bk-17240-ES;
8:08-bk-17224-ES; 8:08-bk-17242-ES;
8:08-bk-17225-ES; 8:08-bk-17245-ES;
8:08-bk-17227-ES; 8:08-bk-17246-ES;
8:08-bk-17230-ES; 8:08-bk-17231-ES;
8:08-bk-17236-ES; 8:08-bk-17248-ES;
8:08-bk-17249-ES; 8:08-bk-17573-ES;
8:08-bk-17574-ES; 8:08-bk-17575-ES;
8:08-bk-17404-ES; 8:08-bk-17407-ES;
8:08-bk-17408-ES; 8:08-bk-17409-ES;
8:08-bk-17458-ES; 8:08-bk-17465-ES;
8:08-bk-17470-ES; 8:08-bk-17472-ES;
and 8:08-bk-17588-ES

Chapter 11

**STIPULATION OF MAY 2011
PURSUANT TO 11 U.S.C. §§ 362, 363,
364, AND 507: (1) AUTHORIZING THE**

- ☐ SCC Communities, LLC
- ☐ North Orange Del Rio Land, LLC
- ☒ Tesoro SF, LLC
- ☐ LB-L-SunCal Oak Valley, LLC
- ☐ SunCal Heartland, LLC
- ☐ LB-L-SunCal Northlake, LLC
- ☐ SunCal Marblehead, LLC
- ☐ SunCal Century City, LLC
- ☐ SunCal PSV, LLC
- ☐ Delta Coves Venture, LLC
- ☐ SunCal Torrance, LLC
- ☐ SunCal Oak Knoll, LLC

USE OF ALLEGED UNENCUMBERED CASH; (2) GRANTING ADMINISTRATIVE EXPENSE CLAIMS; AND (3) MODIFYING AUTOMATIC STAY TO THE EXTENT NECESSARY

Hearing Date:

Date: June 9, 2011
Time: 10:30 a.m.
Place: Courtroom 5A

This stipulation (the “Stipulation”) is made by and between Lehman ALI, Inc. (“Lehman ALI”), Lehman Commercial Paper Inc. (“LCPI”), Northlake Holdings LLC (“Northlake Holdings”), OVC Holdings LLC (“OVC Holdings” and, collectively with Lehman ALI, LCPI and Northlake Holdings, the “Lehman Entities”),¹ on the one hand, and certain of the above-captioned debtors and debtors in possession affected by this Stipulation (the “Subject Voluntary Debtors”)² on the other hand. The Lehman Entities and the Subject Voluntary Debtors (together, the “Parties”) hereby enter into this Stipulation and agree as follows:

RECITALS

WHEREAS, on November 6, 7, and 19, 2008, the Voluntary Debtors³ filed their respective voluntary petitions under title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Central District of California (the “Court”). The Voluntary Debtors

¹ The Lehman Entities shall refer to the Lehman Entities on behalf of themselves, both individually and collectively, as purported lenders, and as purported agents for all lenders under the applicable loan documents, including, without limitation, as purported agents for Fenway Capital, LLC. Notwithstanding anything to the contrary contained herein, the Lehman Entities do not concede that they are “purported” lenders or agents as to the loan(s) or any particular loan, and reserve all of their rights in connection therewith.

² The Subject Voluntary Debtors are: Palmdale Hills Property, LLC; Acton Estates, LLC; SunCal Bickford Ranch LLC; SunCal Emerald Meadows, LLC; SunCal Summit Valley, LLC; and Tesoro SF, LLC.

³ The Voluntary Debtors in these cases consist of: Palmdale Hills Property, LLC (Main Case) (Case No. 8:08-17206-ES); Acton Estates, LLC (Case No. 8:08-17236-ES); Kirby Estates, LLC (Case No. 8:08-17246-ES); North Orange Del Rio Land, LLC (Case No. 8:08-17574-ES); SCC Communities, LLC (Case No. 8:08-17573-ES); SCC/Palmdale, LLC (Case No. 8:08-17224-ES); Seven Brothers, LLC (Case No. 8:08-17240-ES); SJD Development Corp. (Case No. 8:08-17245-ES); SJD Partners, Ltd. (Case No. 8:08-17242-ES); SunCal Beaumont Heights, LLC (Case No. 8:08-17209-ES); SunCal Bickford Ranch, LLC (Case No. 8:08-17231-ES); SunCal Communities I, LLC (Case No. 8:08-17248-ES); SunCal Communities III, LLC (Case No. 8:08-17249-ES); SunCal Emerald Meadows, LLC (Case No. 8:08-17230-ES); SunCal Johannson Ranch, LLC (Case No. 8:08-17225-ES); SunCal Summit Valley, LLC (Case No. 8:08-17227-ES); and Tesoro SF, LLC (Case No. 8:08-17575-ES).

1 continue to manage their affairs and property as debtors in possession pursuant to sections 1107 and
2 1108 of the Bankruptcy Code.

3 WHEREAS, on November 12, 14 and 19, 2008, involuntary petitions were filed against
4 certain other of the above-captioned debtors (collectively, with their chapter 11 trustee, the “Trustee
5 Debtors”).⁴

6 WHEREAS, on or about January 8, 2009, the Court entered orders for relief in the Trustee
7 Debtors’ cases.

8 WHEREAS, on or about January 15, 2009, the Court entered orders granting the appointment
9 of a chapter 11 trustee in each of the Trustee Debtors’ cases. Thereafter, the Office of the United
10 States Trustee appointed Steven M. Speier as the Chapter 11 Trustee (the “Trustee”) for the Trustee
11 Debtors.

12 WHEREAS, the Lehman Entities are authorized to enter into this Stipulation on behalf of
13 themselves, as lenders, and as agents for all lenders under the applicable loan documents.

14 WHEREAS, LCPI is a debtor and debtor in possession in the jointly administered cases
15 captioned In re Lehman Brothers Holdings Inc., Case No. 08-13555 (JMP), pending in the United
16 States Bankruptcy Court for the Southern District of New York (the “New York Bankruptcy
17 Court”).

18 WHEREAS, the Lehman Entities assert secured claims against the Debtors that approximate
19 \$2.3 billion, and include within the scope of the pledged collateral certain real and personal property
20 owned by the Subject Voluntary Debtors.

21 WHEREAS, certain of the Voluntary Debtors maintain bank accounts containing cash or
22 cash equivalents, which the Lehman Entities assert are subject to perfected liens and therefore
23 constitute the Lehman Entities’ “cash collateral” under section 363 of the Bankruptcy Code. The
24 Subject Voluntary Debtors dispute such contention, and assert that such cash and cash equivalents

25
26 ⁴ The Trustee Debtors in these cases consist of: SunCal Heartland, LLC (Case No. 8:08-17407-ES); LB-L-SunCal
27 Northlake, LLC (Case No. 8:08-17408-ES); SunCal Marblehead, LLC (Case No. 8:08-17409-ES); SunCal Century
28 City, LLC (Case No. 8:08-17458-ES); SunCal PSV, LLC (Case No. 8:08-17465-ES); Delta Coves Venture, LLC (Case
No. 8:08-17470-ES); SunCal Torrance, LLC (Case No. 8:08-17472-ES); LB-L SunCal Oak Valley, LLC (Case No.
8:08-17404-ES); and SunCal Oak Knoll, LLC (Case No. 8:08-17588-ES). The Voluntary Debtors and the Trustee
Debtors shall be referred to herein as the “Debtors.”

are not subject to perfected liens of the Lehman Entities and therefore do not constitute “cash collateral” under section 363 of the Bankruptcy Code. The cash and cash equivalents held by the Subject Voluntary Debtors shall be referred to herein as the “Alleged Unencumbered Cash” and shall include, but are not limited to, the cash and cash equivalents held in the accounts maintained by the Subject Voluntary Debtors set forth in **Exhibit A** attached hereto.

WHEREAS, on April 2, 2009, Lehman ALI, certain of the Voluntary Debtors, and the Trustee for the Trustee Debtors, by and through their counsel, entered into that certain *Stipulation with Lehman ALI, Inc. Pursuant to 11 U.S.C. §§ 362, 363, 364, and 507: (1) Approving Senior Secured Superpriority Postpetition Financing; (2) Granting Liens and Providing Superpriority Administrative Expense Status; and (3) Modifying Automatic Stay to the Extent Necessary* (the “April 2009 DIP Stipulation”) affecting certain of the Voluntary Debtors and certain of the Trustee Debtors as set forth specifically therein (the “April 2009 Borrowers”). The April 2009 DIP Stipulation was approved by the Court by the entry of an order on April 17, 2009 (the “April 2009 DIP Order”).

WHEREAS, pursuant to the April 2009 DIP Stipulation, among other things, the April 2009 Borrowers were authorized to borrow from Lehman ALI, and Lehman ALI was authorized to make available to each April 2009 Borrower, individual loans (collectively, the “April 2009 DIP Loans”) in an aggregate amount equal to \$1,790,572.00. The Subject Voluntary Debtors have fully repaid to Lehman ALI the principal amount of April 2009 DIP Loans made to them in the amount of \$270,731.00.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration (the receipt and sufficiency of which are acknowledged), it is hereby stipulated and agreed by and among the Parties as follows:

AGREEMENT

1. Court Approval. The Stipulation is subject to approval of the Court, and LCPI’s entry into the Stipulation is subject to approval by the New York Bankruptcy Court, and the Stipulation shall have no force and effect until the date that both such approvals have been obtained (the “Approval Date”). Immediately upon the Approval Date (notwithstanding any applicable law or rule

1 to the contrary), the terms and provisions of this Stipulation shall become valid and binding upon
2 and inure to the benefit of the Lehman Entities, the Subject Voluntary Debtors, all other creditors of
3 the Subject Voluntary Debtors, any committees appointed in these cases, and all other parties in
4 interest and their respective successors and assigns, including any trustee or other fiduciary hereafter
5 appointed in any of the cases or upon dismissal of any of the above-captioned cases (the “Cases”).

6 2. The Subject Voluntary Debtors’ Use of the Alleged Unencumbered Cash. The
7 Lehman Entities consent to the use by each Subject Voluntary Debtor of the Alleged Unencumbered
8 Cash held by each such Subject Voluntary Debtor solely for the purpose of paying: (a) the costs and
9 expenses attributable to each such Subject Voluntary Debtor in the total aggregate amount not to
10 exceed \$480,594.00 as set forth in the budgets attached hereto as **Exhibit B** (the “Budgets,” as such
11 Budgets may be revised or amended with the written consent of the Lehman Entities, which consent
12 may be granted or withheld in the Lehman Entities’ sole and absolute discretion), except that the
13 Lehman Entities consent that each Subject Voluntary Debtor may expend funds for any particular
14 line items allocable to the estate of such Subject Voluntary Debtor as set forth in the Budgets (the
15 “Budget Items”) in excess of the respective amounts provided for such Budget Items for a particular
16 Subject Voluntary Debtor, so long as such excess amount is equal to or less than 5% of the amount
17 allocated to that particular Subject Voluntary Debtor for a particular Budget Item and provided that
18 the aggregate amount for all such Budget Items for a particular Subject Voluntary Debtor is not
19 increased; and (b) the reasonable fees and expenses incurred by professionals retained in the
20 Voluntary Debtors’ cases, including the law firm of Miller Barondess, LLP (the “Miller Firm”). In
21 addition, LCPI consents to and Palmdale Hills Property, LLC (“Palmdale Hills”) is authorized to
22 make, from Alleged Unencumbered Cash held by Palmdale Hills, individual loans: (i) to each of the
23 other Subject Voluntary Debtors solely for the purpose of paying (x) the costs and expenses
24 attributable to each such Subject Voluntary Debtor as set forth in the Budgets attached hereto as
25 **Exhibit B** and (y) the reasonable fees and expenses incurred by professionals retained in the
26 Voluntary Debtors’ cases, including the Miller Firm; and (ii) by separate Court approval, to the
27 Trustee Debtors for the purpose of paying the reasonable fees and expenses incurred by
28 professionals retained in the Trustee Debtors’ cases, including the Miller Firm; provided, however,

that: (iii) Palmdale Hills is permitted to make individual loans from Alleged Unencumbered Cash held by Palmdale Hills only to Subject Voluntary Debtors or Trustee Debtors that have used, and accordingly no longer hold, any Alleged Unencumbered Cash; and (iv) the use of any Alleged Unencumbered Cash for payments to the Miller Firm shall be subject to the terms and conditions set forth in any orders entered by the Court approving any application for authority to employ Miller Barondess. The aggregate amount of any Alleged Unencumbered Cash used in accordance with this paragraph 2 shall be referred to herein as the “Alleged Unencumbered Cash Funding Amount.” The Subject Voluntary Debtors shall maintain appropriate documentation related to the expenditure of any and all of the Alleged Unencumbered Cash Funding Amount. The Subject Voluntary Debtors shall provide to the Lehman Entities, upon their reasonable request, a breakdown of the Alleged Unencumbered Cash Funding Amount spent as of the date of the request and provide all documentation relating to such actual amounts spent. For the avoidance of doubt: (1) the Budget Items for each Subject Voluntary Debtor shall not be modified, the Subject Voluntary Debtors shall not expend any of the Alleged Unencumbered Cash Funding Amount for any particular Budget Items in excess of the respective amounts provided for such Budget Items in the Budgets (plus 5%), and the Alleged Unencumbered Cash held by each such Subject Voluntary Debtor shall not be used for any other purpose, or by any other Subject Voluntary Debtor for costs and expenses allocable to any such other Subject Voluntary Debtor, without (i) the prior written consent of the Lehman Entities, which consent may be granted or withheld in the Lehman Entities’ sole and absolute discretion, or (ii) further order of the Court; and (2) although certain specified consents of the Lehman Entities to use of Alleged Unencumbered Cash are set forth in this paragraph, no particular uses of property of the Debtors’ estates are authorized under this paragraph other than to make individual loans, as and to the extent set forth herein above.

3. Termination Date. The authority provided hereunder to use the Alleged Unencumbered Cash Funding Amount shall terminate on the one hundred and twentieth day (120th) day after the Approval Date (the “Termination Date”), and no further use of the Alleged Unencumbered Cash Funding Amount shall be made after thirty (30) days following the Termination Date without either the prior written consent of the Lehman Entities, which consent

may be granted or withheld in the Lehman Entities' sole and absolute discretion, or further order of the Court, provided however, that the Termination Date shall apply only with respect to the Budgets and not with respect to the payment of professional fees.

4. Repayment of the Alleged Unencumbered Cash Funding Amount as Administrative Expense Claims Under Certain Circumstances. In the event the Parties agree or the Court finds that all or portion(s) of the Alleged Unencumbered Cash are subject to perfected liens of the Lehman Entities, then such portions of the Alleged Unencumbered Cash Funding Amount subject to the perfected liens shall constitute an allowed administrative expense claim under the Bankruptcy Code that shall be due and payable to the applicable Lehman Entities by a plan proponent in full, in cash, without notice or demand, upon the effective date of any confirmed plan of reorganization or liquidation in the Cases. In the event the Parties agree or the Court finds that all or portion(s) of the Alleged Unencumbered Cash are not subject to perfected liens held by any of the Lehman Entities, then such portions of the Alleged Unencumbered Cash Funding Amount not subject to any perfected lien shall not be repayable in such circumstances wherein a Subject Voluntary Debtor used its own Alleged Unencumbered Cash to pay the expenses of its own estate, or that such payments were authorized to be made pursuant to the entered orders of the Court authorizing joint administration of the Debtors (the "Joint Administration Orders"). Notwithstanding anything to the contrary contained herein, the Lehman Entities reserve their rights to assert that the Joint Administration Orders did not excuse the Subject Voluntary Debtors from repaying the amounts of professional fees paid by other Subject Voluntary Debtors. In the event that the Parties agree or the Court finds that all or portion(s) of the Alleged Unencumbered Cash are not encumbered by a perfected lien of the Lehman Entities but such portions were used for the benefit of another Subject Voluntary Debtor, then such portion(s) shall constitute an administrative expense obligation of the Subject Voluntary Debtor for whose benefit such portion of the Alleged Unencumbered Cash was used, and shall be repaid in accordance with section 1129(a)(9) of the Bankruptcy Code to the Subject Voluntary Debtor that owned such portion of the Alleged Unencumbered Cash. The Parties reserve all rights in connection with the Alleged Unencumbered Cash, including, without limitation, their rights with respect to whether such cash is encumbered or unencumbered by perfected liens held by any of the

1 Lehman Entities. The administrative expense claims provided for in this paragraph 4 shall be
2 referred to herein as the “Alleged Unencumbered Cash Administrative Expense Claims.”

3 5. Payment Of April 2009 DIP Loan Interest. Upon the occurrence of the Approval
4 Date, each applicable Subject Voluntary Debtor shall pay to Lehman ALI, from the Alleged
5 Unencumbered Cash held by each such Subject Voluntary Debtor, only to the extent of the lesser of
6 the accrued and unpaid interest on the amount that such Subject Voluntary Debtor borrowed under
7 the April 2009 DIP Order and the amount of such Subject Voluntary Debtor’s Alleged
8 Unencumbered Cash, the full amount of all outstanding accrued and unpaid interest on the April
9 2009 DIP Loans (the “April 2009 DIP Loan Interest”) made to each such Subject Voluntary Debtor
10 as provided for in paragraph 5 of the April 2009 DIP Stipulation. To the extent the April DIP Loan
11 Interest allocable to a particular Subject Voluntary Debtor exceeds the amount of Alleged
12 Unencumbered Cash held by such Subject Voluntary Debtor, Palmdale Hills shall make an
13 individual loan to such Subject Voluntary Debtor from Alleged Unencumbered Cash held by
14 Palmdale Hills for the purpose of permitting the payment of such Subject Voluntary Debtor’s April
15 DIP Loan Interest by such Subject Voluntary Debtor to Lehman ALI. All funds lent by Palmdale
16 Hills from its Alleged Unencumbered Cash to any Subject Voluntary Debtor(s) for the purpose set
17 forth in this paragraph shall constitute Alleged Unencumbered Cash Administrative Expense Claims
18 and shall be repaid in accordance with paragraph 4 herein. Any lien or encumbrance arising by
19 reason of the April 2009 DIP Loans shall be deemed released and of no further force or effect as to
20 each Subject Voluntary Debtor that has fully repaid the April 2009 DIP Loan Interest allocable to it.

21 6. Modification of Automatic Stay. The automatic stay imposed under section 362(a) of
22 the Bankruptcy Code is modified as necessary to effectuate all of the terms and provisions of this
23 Stipulation, including, without limitation: (a) to permit the Subject Voluntary Debtors to incur all
24 liabilities and obligations in connection with their use of the Alleged Unencumbered Cash Funding
25 Amount; (b) authorize the repayment of the Alleged Unencumbered Cash Administrative Expense
26 Claims; and (c) enable the enforcement, protection and preservation of all of the Lehman Entities’
27 rights and remedies with respect thereto or otherwise under this Stipulation.
28

7. Events of Default. The following occurrences shall constitute an “Event of Default” under this Stipulation as to the particular defaulting Subject Voluntary Debtor: (a) failure of the Subject Voluntary Debtor to comply with any term of this Stipulation; or (b) the use of Alleged Unencumbered Cash other than in strict compliance with the terms of this Stipulation; or (c) the failure to repay the Alleged Unencumbered Cash Administrative Expense Claims pursuant to and in accordance with the terms of this Stipulation.

8. Remedies. Immediately upon the occurrence and during the continuation of an Event of Default set forth in paragraph 7 by a particular Subject Voluntary Debtor, and without further order of the Court, the applicable defaulting Subject Voluntary Debtor shall, at the direction of the Lehman Entities, cease using the Alleged Unencumbered Cash.

9. Reservation of Rights. Notwithstanding anything to the contrary herein, this Stipulation is without prejudice to, and does not constitute a waiver of, expressly or implicitly, any rights, claims or privileges (whether legal, equitable or otherwise) of the Parties with respect to any issues that are not expressly addressed herein. Specifically, and without limitation, except to the extent provided herein, (a) the Parties reserve all rights in connection with the Alleged Unencumbered Cash, including without limitation whether such cash is encumbered by perfected liens held by the Lehman Entities, and all aspects of pending litigation among the Parties, including, without limitation, any matters involving equitable subordination or substantive consolidation, (b) the Parties further agree that entry into this Stipulation, and the use of Alleged Unencumbered Cash or the consent to the Alleged Unencumbered Cash Administrative Expense Claims contemplated hereunder, shall not be used in any manner in litigation amongst the Parties, whether as, for instance, a basis for or against substantive consolidation or otherwise, and in no way shall have any effect on the adversary proceeding captioned *Palmdale Hills Property, LLC, et al., v. Lehman ALI, Inc., et al.*, Adv. Pro. No. 09-1005-ES, pending in the Court, or otherwise, and (c) the rights, obligations, waivers, stipulations, agreements or defenses of the Parties among or between or to each other or any of them shall not be affected hereby.

10. No Modification. Absent the written consent of the Lehman Entities and the Subject Voluntary Debtors or further order of the Court, the Lehman Entities and the Subject Voluntary Debtors agree that this Stipulation shall not be modified.

11. Jurisdiction. The Court shall retain jurisdiction to resolve any disputes or controversies arising from or related to this Stipulation.

12. Further Cooperation. The Parties agree to and will cooperate fully with each other in the performance of this Stipulation, and will execute such additional agreements, documents or other instruments as may reasonably be required to carry out the intent of this Stipulation.

13. Signatures. This Stipulation may be signed in any number of counterparts (and by each Party hereto on different counterparts), each of which constitutes an original, but all such counterparts when taken together shall constitute one and the same agreement. This Stipulation may be executed by facsimile signature and delivered by facsimile transmission with the same effect as delivery of a manually executed counterpart of this Stipulation.

14. No admission; No Evidence. Neither this Stipulation nor anything contained in this Stipulation shall be construed as, treated as or characterized as an admission by any Party of any fact or liability or as evidence of any allegation of any Party. Neither this Stipulation nor anything in this Stipulation shall be admissible in any proceeding as evidence of liability or wrongdoing by any of the Parties. This Stipulation may be introduced, however, in any proceeding to enforce the terms of this Stipulation.

15. Authority. Each person who signs this Stipulation represents and warrants that he or she has the authority and capacity to act on behalf of the Party for whom he or she is signing and to bind that Party to the terms of this Stipulation.

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16. Entire Agreement. This Stipulation contains the entire agreement between the Parties and may not be amended or modified except by a writing executed by the Parties or further order of the Court. All prior oral and written agreements, if any, are expressly superseded hereby and are of no further force and effect.

WEIL, GOTSHAL & MANGES LLP

- and -

Dated: May 19, 2011

PACHULSKI STANG ZIEHL & JONES LLP

By /s/ Dean A. Ziehl

Richard M. Pachulski

Dean A. Ziehl

Attorneys for Lehman ALI, Inc., Lehman

Commercial Paper Inc., Northlake

Holdings LLC and OVC Holdings LLC.

Dated: May 19, 2011

WINTHROP COUCHOT
PROFESSIONAL CORPORATION

By /s/ Peter W. Lianides

Paul J. Couchot

Peter W. Lianides

General Insolvency Counsel for Debtors
and Debtors-in Possession

APPROVED AS TO FORM AND SUBSTANCE:

Dated: May 19, 2011

IRELL & MANELLA LLP

By /s/ Alan Friedman

Alan Friedman

Kerri A. Lyman

Attorneys for Official Unsecured

Creditors' Committee of Voluntary

Debtors

EXHIBIT “A”

Account Holder	Approx. Balance	Account No.	Depository Bank
Acton Estates, LLC	\$0	3090345971	California Bank & Trust
Palmdale Hills Property LLC - (Bond Interest)	\$1,265,144	3090346941	California Bank & Trust
Palmdale Hills Property LLC (CD)	\$343,000	3090003143	California Bank & Trust
SunCal Bickford Ranch LLC	\$602,678	3090345891	California Bank & Trust
SunCal Emerald Meadows LLC	\$2,060	3090345701	California Bank & Trust
SunCal Summit Valley, LLC	\$12,331	3090341121	California Bank & Trust
Tesoro SF, LLC	\$71	3090343761	California Bank & Trust

Lehman Approved 120-Day Voluntary Budget

120-Day Voluntary Budget (4/16/11 through 8/15/11)							
Asset Name	Life Safety	Utilities	Erosion Control & Maint.	Entitlements/ Preservation of Value	G&A	Taxes	Total
Acton	-	-	2,000	-	-	-	2,000
Beaumont Heights	-	-	-	-	-	-	-
Bickford Ranch	-	96,000	130,000	-	43,636	-	269,636
Burnam	-	-	3,000	-	120	-	3,120
Del Rio	-	-	-	-	-	-	-
Emerald Meadows	2,400	-	38,672	-	20,000	-	61,072
Johansen Ranch	-	-	-	-	-	-	-
Joshua Ridge II	-	-	-	-	-	-	-
Ritter Ranch	8,000	4,000	81,850	-	43,636	-	137,486
Summit Valley	-	-	7,000	-	280	-	7,280
Total	\$10,400	\$100,000	\$262,522	\$0	\$107,672	\$0	\$480,594

EXHIBIT B

In re:

PALMDALE HILLS PROPERTY, LLC. AND ITS RELATED DEBTORS,

Debtor(s).

Main Document Page 14 of 16

CHAPTER 11

CASE NUMBER 08-17206-ES

NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on the CM/ECF docket.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

10100 Santa Monica Blvd., 11th Floor, Los Angeles, CA 90067

A true and correct copy of the foregoing document described as **STIPULATION OF MAY 2011 PURSUANT TO 11 U.S.C. §§ 362, 363, 364, AND 507: (1) AUTHORIZING THE USE OF ALLEGED UNENCUMBERED CASH; (2) GRANTING ADMINISTRATIVE EXPENSE CLAIMS; AND (3) MODIFYING AUTOMATIC STAY TO THE EXTENT NECESSARY** will be served or was served (a) on the **judge in chambers** in the form and manner required by LBR 5005-2(d); and (b) in the manner indicated below:

I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF") – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On May 19, 2011 I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

☒ Service information continued on attached page

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL (indicate method for each person or entity served):

On May 19, 2011 I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. *Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.*

JUDGE'S COPY [Overnight Delivery]

The Honorable Erithe A. Smith
United States Bankruptcy Court - Central District of California
411 West Fourth Street, Suite 5041
Santa Ana, CA 92701-4593

☐ Service information continued on attached page

III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on May 19, 2011 I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. *Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.*

(1) Gen'l Counsel for Voluntary Debtors:

Paul Couchot - pcouchot@winthropcouchot.com
Marc J Winthrop - pj@winthropcouchot.com
Paul Lianides - plianides@winthropcouchot.com

(2) Debtors (Palmdale Hills Property, LLC and related entities):

bcook@suncal.com

(3) Counsel for SunCal Management:

Ronald Rus - rrus@rusmilband.com

(4) Special Counsel for Jt. Admin. Debtors & Trustee Speier:

Louis Miller - smiller@millerbarondess.com
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(5) Gen'l Counsel for Ch. 11 Trustee (Speier):

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☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

May 19, 2011

Date

Melisa DesJardien

Type Name

/s/ Melisa DesJardien

Signature

In re:

PALMDALE HILLS PROPERTY, LLC. AND ITS RELATED DEBTORS,

Debtor(s).

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CHAPTER 11

CASE NUMBER 08-17206-ES

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In re:

PALMDALE HILLS PROPERTY, LLC. AND ITS RELATED DEBTORS,

Debtor(s).

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CHAPTER 11

CASE NUMBER 08-17206-ES

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